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Approved For Release 2003/12/19 : CIA-RDP79T00975A023200050002-7

16 November 1972

Central Intelligence Bulletin

CONTENTS

25X1

EAST GERMANY: Domestic propaganda attacks West Germany's Social Democratic Party. (Page 3)

25X1

VENEZUELA: Talks set on long-term energy pact. (Page 6)

25X1

INDIA-USSR: Combined naval exercise has not materialized (Page 10)

INDONESIA: Foreign aid request (Page 11)

25X1

25X1

Approved For Release 2003/12/19 : CIA-RDP79T00975A023200050002-7

Next 3 Page(s) In Document Exempt

Approved For Release 2003/12/19 : CIA-RDP79T00975A023200050002-7

EAST GERMANY: Pankow has resumed its ideological attack on West Germany's Social Democratic Party in an effort to underscore the limits the Communist regime intends to place on the normalization of relations.

The ideological campaign, muted during the recent inter-German treaty talks, flared up again as the negotiations ended. The treaty, if ratified and implemented, will mark a significant departure from East Germany's policy of isolation from West Germany, and Pankow is anxious to control the domestic impact and to preserve internal security. By stressing the inferiority of West German social democracy, Pankow is reminding its citizens that the advantages flowing to them from detente, such as increased travel to the West, are limited.

East German media have specifically denounced alleged Social Democratic efforts to influence the East German population and have emphasized the "unbridgeable differences" between East and West German societies. The criticism also hits the Social Democrats' alleged adherence to capitalistic doctrines and their corruption of the international socialist movement.

The campaign is also a defensive reaction to West German Chancellor Brandt's long-term objective of a united Germany. The Communists' ideological hostility toward Brandt's Social Democrats has been in evidence throughout the course of Ostpolitik, and it reflects in part the historic competition between the Communist and Social Democratic parties for the allegiance of German intellectuals and workers. As an East German ideologue recently put it, the leaders in Pankow do not believe their people wish to reinstate a Western, capitalist economic system; nevertheless, the Communists fear that the Social Democrats may some day establish in West Germany a modern democratic socialist state around which all Germans might wish to rally.

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16 Nov 72

Central Intelligence Bulletin

3

The East German ideological attacks do not, however, reflect an intent to renege on the practical agreements with Bonn. The regime continues to praise the Brandt government for its constructive foreign policies and will continue to seek to do business with Bonn. [REDACTED]

25X1

16 Nov 72

Central Intelligence Bulletin

4

25X1

Approved For Release 2003/12/19 : CIA-RDP79T00975A023200050002-7

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VENEZUELA: Caracas has agreed to begin preliminary discussions with the US on a long-term energy agreement.

The talks, which may begin as early as next week, will center on a plan for exploiting Venezuelan oil reserves outside the existing concessions. US oil executives have already expressed keen interest in participating in a geological survey which will take about a year to complete. A US proposal for a geological survey of the Orinoco tar belt in eastern Venezuela, which would be funded principally by US petroleum companies under the aegis of the government-owned Venezuelan Petroleum Corporation, has already been accepted by the Caldera government. If adequate reserves are confirmed, Venezuela is prepared to conclude a treaty with the US whereby the companies would invest substantially in oil extraction and the US Government would grant hemispheric preferences to Venezuela. In return, Caracas would guarantee the conditions under which US oil companies could amortize their investment and achieve a fair rate of profit.

Each country has a substantial interest in reaching a final settlement to end a problem that has marred relations between the two countries. The Caldera government lacks the technical and financial means to explore and exploit the new oil reserves which it hopes will provide additional revenues to devote to its expanding social and economic problems. The Orinoco tar belt may also prove to be an economically feasible source of the large amounts of petroleum that will be needed if the US is to avoid excessive dependence on Middle Eastern oil.

25X1

16 Nov 72

Central Intelligence Bulletin

6

25X1

Approved For Release 2003/12/19 : CIA-RDP79T00975A023200050002-7

Next 2 Page(s) In Document Exempt

Approved For Release 2003/12/19 : CIA-RDP79T00975A023200050002-7

25X1

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INDIA-USSR: The combined exercise between the Indian and Soviet navies that reportedly was to begin in late October in the Indian Ocean apparently will not take place. There have been no ship movements indicative of an upcoming exercise, [REDACTED]

25X1

[REDACTED] the exercise never got beyond the planning stage. New Delhi has long sought to obtain from Moscow tactical procedures for use by its Soviet-built Petya-class escorts, F-class submarines, and Osa-class guided missile patrol boats, but both sides may have balked at a mutual exchange of sensitive information on naval tactics for a combined exercise. [REDACTED]

25X1

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16 Nov 72

Central Intelligence Bulletin

10

25X1

INDONESIA: Jakarta will request \$750 million in foreign assistance for the year ending in March 1974 at next month's meeting of the Indonesia aid consortium. The consortium consists of a number of major Western countries, Japan, and several international development organizations. The new aid requested is only about three percent more than Indonesia has been pledged under this year's program. This largely reflects the boom in export earnings which is enabling Indonesia to finance a growing share of its own foreign exchange needs. Sales of crude oil, for example, are expected to exceed \$1 billion next year as a result of higher world market prices and increasing production. The major portion of the aid--about \$380 million--will consist of project aid. Some \$160 million has been requested for food aid, and \$210 million for other assistance programs.

25X1

16 Nov 72

Central Intelligence Bulletin

11

25X1

Top Secret



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